The Political Economy of Open Borders
Theory and Evidence on the role of Electoral Rules

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23 August 2022

Institutions matter

- Institutions (electoral systems) are key determinants of policy outcomes:
  - Redistribution (Austen-Smith (2000), Lizzeri&Persico (2001), Persson, Roland & Tabellini (2007), Galasso & Nunnari (2019), Genicot, Bouton & Castanheira (2020))
  - Party structure (Duverger's law and hypothesis, Morelli (2004))
  - Employer and investor protection (Pagano &Volpin (2005))
  - Corruption (Persson, Tabellini & Trebbi (2003))
- We claim that they matter also for immigration policies

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- Our characterization of electoral rules (already in Riker (1982))

  Sufficient plurality (SP): a plurality of votes is (very likely to be) sufficient to control the decision making process (e.g. FPTP)

  Necessary majority (NM): a majority of votes is necessary to control decision making process (e.g. PR and dual ballot/run-off)

OCD countries evidence: necessary majority vs. sufficient plurality
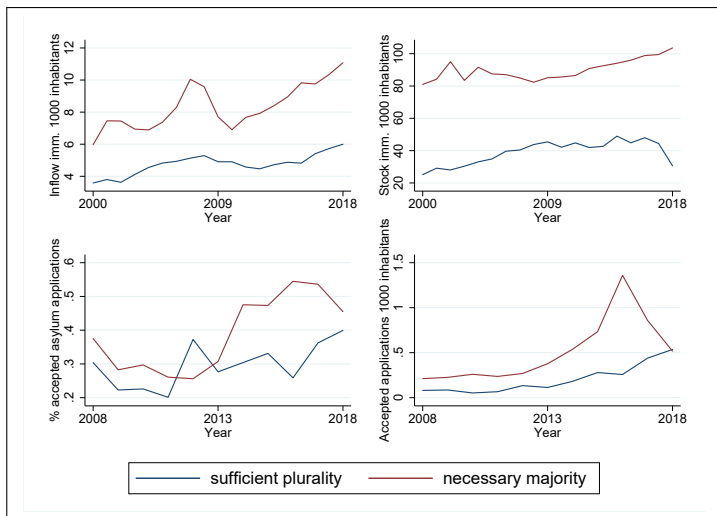
This project: motivation and brief description

- Under SP systems, a lower share of votes is needed to gain control of the decision-making power

- Then, when immigration is a salient issue, parties supporting anti-immigration stances are more likely to gain power under SP than NM

- We formalize this reasoning with a model and test it using Italian data

Sketch of the model

- Mass 1 of natives voters, characterized by
  - Ideological position $x_i \in [0, 1]$
  - Position on immigration $y_i \in \{0, 1\}$, fraction F of voters with $y_i = 0$
- Three parties
  - Two incumbents offering $y_P = 1$
  - New entrant, E, supporting $y_P = 0$ - enters only if prob winning > 0
- Voters vote lexicographically:
  1. Compare parties on immigration
  2. Look at ideological position in case of tie

Electoral systems

- Sufficient Plurality (SP): party with plurality of votes can form government
- Necessary Majority (NM): governing party/coalition must be supported by 50% of the votes

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Our question: how strong should the anti-immigration sentiment (F) be for E to enter under the two systems?

Results

Proposition 1

Under SP, E enters if and only if $F \geq 1/3$.

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Testable implications:

1. NM systems more open to immigration than SP

2. Results driven by cases where $F \in [1/3, 1/2)$

Italian data: Key features

1. Change in electoral system for mayors (Bordignon et al (2016))

   - $< 15,000$: plurality rule - SP
   - $> 15,000$: dual ballot ($\geq 50\%$ of votes needed to win at first round, otherwise second round between top two candidates) - NM

2. "Protection System for Asylum Seekers and Refugees" (SPRAR) system (Gamalerio (2019)):

   - Second level of refugee reception, managed by municipalities
   - Home office organizes tenders to allocate refugee centers to municipalities
   - Mayors submit bids, nationally evaluated
   - Winning municipalities open centers and receive fiscal grants in exchange

A proxy for *F*

We proxy *F* with the size of the working class in a country.

- Employees, unemployed and some self-employed Occupations
- Economic channel: class is the most affected by competition with migrants
- Education: working class tends to be less educated on average

Survey analysis (ESS) - Results

	(1)	(2)	(3)	(4)	(5)	(6)
	ESS survey (Waves 1-9)					
Dependent variables	Immigrants are good for economy		Immigrants are good for culture		Immigrants are good overall	
Possible answers	1 - 10		1 - 10		1 - 10	
Working class	-0.518***	-0.517***	-0.477***	-0.475***	-0.394***	-0.392***
	(0.014)	(0.014)	(0.015)	(0.015)	(0.014)	(0.014)
Out class	-0.121***	-0.175***	-0.181***	-0.244***	-0.107***	-0.173***
	(0.013)	(0.018)	(0.014)	(0.018)	(0.013)	(0.017)
Other		-0.076***		-0.128***		-0.053***
		(0.016)		(0.017)		(0.015)
Years Education	0.106***	0.107***	0.117***	0.118***	0.091***	0.092***
	(0.002)	(0.002)	(0.002)	(0.002)	(0.001)	(0.001)
Observations	207,237	207,237	207,726	207,726	207,286	207,286
Covariates	Yes	Yes	Yes	Yes	Yes	Yes
Country FE	Yes	Yes	Yes	Yes	Yes	Yes

* $p<0.1$, ** $p<0.05$, *** $p<0.01$

Occupations

Identification strategy: regression discontinuity design

RDD regression based on the 15,000 population threshold:

$$Y_{it} = \rho_0 + \rho_1 POP_{it}^* + \beta_0 DB_{it} + \beta_1 DB_{it} * POP_{it}^* + \varepsilon_{it} \tag{1}$$

Y_{it} = probability of opening a SPRAR center

$DB_{it} = 1$ for municipalities with more than 15,000 inhabitants (dual ballot) and 0 for municipalities below the threshold (plurality)

POP_{it}^* is the normalized population obtained subtracting 15,000 from population

Regressions run by local linear regression using Calonico, Cattaneo and Titiunik (2014) and Calonico, Cattaneo and Farrell (2018) MSE-optimal bandwidth selector

Regression run on full sample, samples with working class<0.5 and working class>0.5

Data Description

- Data on all **Italian municipalities** between 10,000 and 30,000 inhabitants for electoral years 2010-2017

    - Other changes at 10,000 and 30,000 (e.g. mayor's salary and council size)

    - Focus on a period in which the migration issue is salient for voters

- **SPRAR** (Gamalerio and Negri, 2022):

    - Home Office

    - The SPRAR webpage

    - Briguglio Archive: A webpage that assembles different information on immigration and asylum in Italy

    - Data on SPRAR openend

- **Municipality and politicians characteristics**:

    - Economic, social and geographical variables from the Italian Statistical Office (ISTAT) and 2001 and 2011 Census

    - Characteristics mayors from Home Office

    - Share occupations from 2011 Census

Effect on SPRAR centres: sufficient plurality vs necessary majority
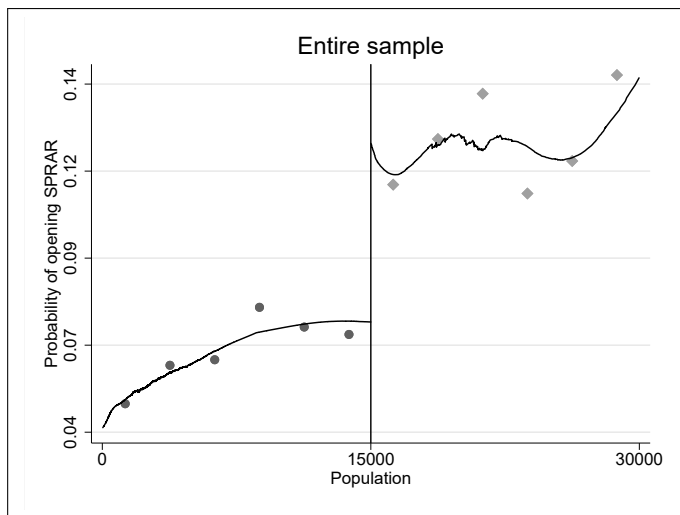
Effect on SPRAR: sufficient plurality vs necessary majority

	(1)	(2)	(3)	(4)	(5)	(6)
Polynomial	Linear	Linear	Linear	Linear	Linear	Linear
Covariates	No	Yes	No	Yes	No	Yes
Sample	Entire sample	Entire sample	Working class < 0.5	Working class < 0.5	Working class > 0.5	Working class > 0.5
Dependent variable: the probability of opening a SPRAR center						
Conventional	0.126*	0.128**	0.204*	0.164**	0.011	-0.008
	(0.074)	(0.055)	(0.115)	(0.068)	(0.047)	(0.024)
Bias-corrected	0.145*	0.145***	0.239**	0.195***	-0.007	-0.021
	(0.074)	(0.055)	(0.115)	(0.068)	(0.047)	(0.024)
Robust	0.145*	0.145**	0.239*	0.195**	-0.007	-0.021
	(0.088)	(0.065)	(0.136)	(0.082)	(0.057)	(0.031)
Observations	875	875	523	523	352	352
BW Loc. Poly. (h)	1284	1196	1211	1360	1705	1742
Effective Observations	171	164	106	113	84	86

* p<0.1, ** p<0.05, *** p<0.01

Robustness tests

- Balance test on pre-determined municipal characteristics `balance`

- Test on density running variable `density`

- Estimates with different bandwidths `bandwidths`

- Placebo tests at fake thresholds `thresholds`

- Effect on policy volatility (Bordginon et al., 2016) `volatility`

Conclusions

- We provide theory and empirical evidence on how different (electoral) institutions can affect immigration policies

- General results:

  - Taking control of the decision-making power is easier under SP systems (plurality) than under NM ones (PR, runoff) and this benefits anti-immigrant parties

  - NM allows anti-immigrant parties to take power only when this is efficient ($F > 1/2$)

  - The theoretical intuition explains the cross-country evidence

  - We provide causal evidence via regression discontinuity design for the Italian case

Appendix

Appendix

Table: Occupations from 2011 Census

Category	Occupations
1) Unskilled labor or service work	Agricultural worker, Janitor, Construction worker,
	Domestic worker, Porter, Hospital attendant, Stable attendant
2) Employee in fixed production plants, machinery,	Forklift driver, Electrical appliance assembly worker,
	Truck driver, Taxi driver, assembly lines or vehicle management
	Rolling mill operator
3) Skilled worker activity	Bricklayer, Mechanic, Shoemaker,
	Tailor, Carpenter, Blacksmith, Upholsterer
4) Cultivation of plants and / or	Farmer, Fruit farmer, Cattle farmer,
breeding of animals	Fish farmer, Gardener, Fisherman
5) Sales to the public	Shop operator, Hairdresser, Cook, Waiter,
or service to people	Flight attendant, Baby sitter, Carer, Sales clerk
6) Executive office work	Post office operator, switchboard operator,
	administrative operator, counter clerk
7) Technical, administrative	Nurse, Accountant, Surveyor, Electronic Technician,
	Computer Technician, activity with medium qualification
	Sales Representative, Insurance Agent
8) Specialized organizational, technical,	Teacher, General practitioner, University professor,
intellectual, scientific activity	Engineer, Chemist, Architect, Lawyer, Pharmacist
9) Management of a company or management	Entrepreneur, manager in the public sector,
of complex public or private organizational structures	company manager, court president
10) Military and police	Chief Marshal, policeman

Working class ESS

Balance tests on municipal covariates

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
				Panel A: pre-determined municipal covariates							
Dependent Variables	Children	Elderly	Graduate	Area	Foreign Pop.	Altitude	North	Centre	South	# firms	Special Region
Conventional	0.013	0.001	-0.006	22.872	0.000	0.936	-0.177	-0.030	0.134	-66.128	0.054
	(0.012)	(0.011)	(0.005)	(18.123)	(0.004)	(40.366)	(0.151)	(0.108)	(0.141)	(79.122)	(0.052)
Bias-corrected	0.016	-0.002	-0.007	25.960	0.000	-4.077	-0.209	-0.063	0.189	-81.164	0.069
	(0.012)	(0.011)	(0.005)	(18.123)	(0.004)	(40.366)	(0.151)	(0.108)	(0.141)	(79.122)	(0.052)
Robust	0.016	-0.002	-0.007	25.960	0.000	-4.077	-0.209	-0.063	0.189	-81.164	0.069
	(0.014)	(0.013)	(0.006)	(21.686)	(0.005)	(48.551)	(0.178)	(0.124)	(0.163)	(93.102)	(0.067)
Observations	875	875	875	875	875	875	875	875	875	875	875
BW Loc. Poly. (h)	1838	2148	1860	1985	1658	1840	1815	1622	1952	1827	2345
Effective Observations	244	291	246	268	218	244	242	216	263	242	313
				Panel B: predicted probability of opening a SPRAR center and share occupations							
Dependent Variables	Predicted SPRAR 1	Predicted SPRAR 2	Share working class	Share out class	Share managerial class						
Conventional	-0.010	0.001	0.001	0.001	-0.004						
	(0.013)	(0.023)	(0.013)	(0.012)	(0.003)						
Bias-corrected	-0.009	0.001	0.001	-0.002	-0.004						
	(0.013)	(0.023)	(0.013)	(0.012)	(0.003)						
Robust	-0.009	0.001	0.001	-0.002	-0.004						
	(0.015)	(0.027)	(0.015)	(0.014)	(0.004)						
Observations	875	875	875	875	875						
BW Loc. Poly. (h)	1924	2302	1871	2251	1588						
Effective Observations	256	307	246	298	210						

* $p<0.1$, ** $p<0.05$, *** $p<0.01$
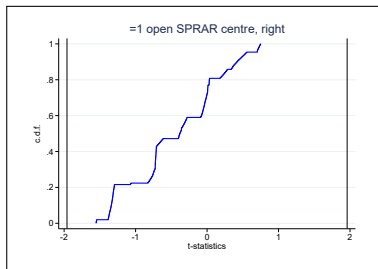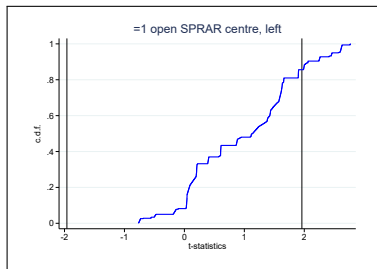
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Test on density running variable
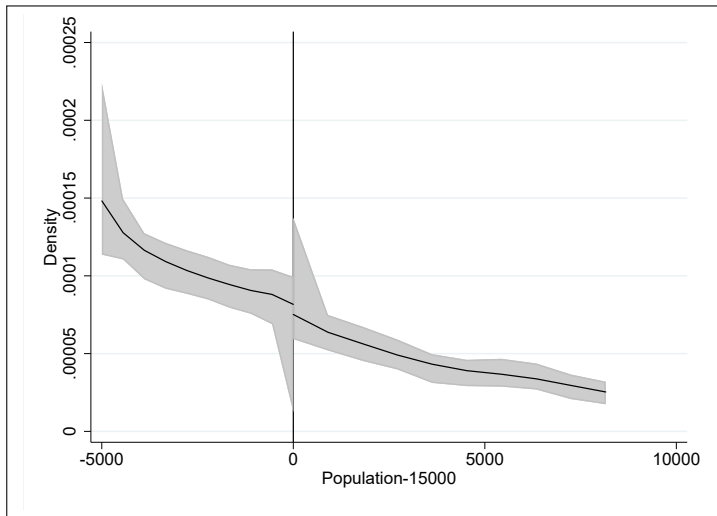
RDD estimates with different bandwidths

Placebo tests at fake thresholds

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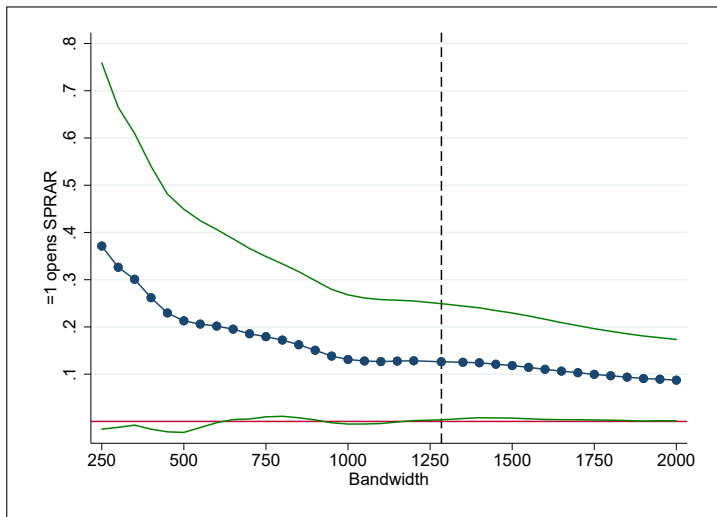
Effect on policy volatility

Dependent Variables	(1) Time variance SPRAR centre	(2) Cross-sectional variance SPRAR centre
Conventional	0.062	0.125***
	(0.039)	(0.045)
Bias-corrected	0.072*	0.148***
	(0.039)	(0.045)
Robust	0.072	0.148***
	(0.046)	(0.054)
Observations	875	99
BW Loc. Poly. (h)	1455	1131
Effective Observations	178	23

* $p<0.1$, ** $p<0.05$, *** $p<0.01$